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SENATE BILL 297

**48TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2008**

INTRODUCED BY

Joseph J. Carraro

AN ACT

RELATING TO HIGHER EDUCATION; ENACTING THE GRADUATE STUDENT  
LOAN ACT; PROVIDING POWERS AND DUTIES; PROVIDING FOR  
ELIGIBILITY AND QUALIFICATIONS; PROVIDING FOR CONTRACTS; MAKING  
AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. SHORT TITLE.--This act may be cited as the  
"Graduate Student Loan Act".

Section 2. DEFINITIONS.--As used in the Graduate Student  
Loan Act:

A. "department" means the higher education  
department;

B. "graduate student" means a person who is or will  
be enrolled in a graduate degree-granting program at a  
participating institution; and

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1 C. "participating institution" means a four-year  
2 institution of higher learning named in Article 12, Section 11  
3 of the constitution of New Mexico that has one or more graduate  
4 degree-granting programs.

5 Section 3. DEPARTMENT POWERS AND DUTIES--DELEGATION OF  
6 DUTIES--APPLICATIONS--GRADUATE STUDENT ELIGIBILITY--  
7 QUALIFICATIONS.--

8 A. The department shall establish a "graduate  
9 student loan program" to provide low-interest loans to eligible  
10 and qualified graduate students to help defray the education-  
11 related costs of attending graduate school.

12 B. The department may delegate to other agencies or  
13 contract for the performance of services required by the  
14 provisions of the Graduate Student Loan Act.

15 C. The department shall provide by rule for an  
16 application process for students seeking graduate student  
17 loans.

18 D. A graduate student who is or will be enrolled in  
19 a graduate degree-granting program for which the state provides  
20 a loan-for-service or loan repayment option is not eligible for  
21 a graduate student loan under the Graduate Student Loan Act.

22 E. To qualify for a graduate student loan, a person  
23 must:

- 24 (1) be a resident of New Mexico;  
25 (2) be enrolled in or be accepted for

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1 enrollment in a graduate degree-granting program at a  
2 participating institution;

3 (3) demonstrate financial need as provided by  
4 rule of the department;

5 (4) be a full-time student; and

6 (5) meet any other requirements provided by  
7 rule of the department.

8 F. A graduate student must demonstrate academic  
9 progress as provided by rule of the department to continue to  
10 receive a graduate student loan.

11 G. A graduate student may be eligible for a loan of  
12 up to one thousand dollars (\$1,000) per semester for no more  
13 than six semesters; provided that a loan shall not exceed the  
14 cost of tuition and fees for the semester in which the loan is  
15 given.

16 Section 4. LOW-INTEREST LOANS--LOAN REPAYMENT--CONTRACT  
17 TERMS.--

18 A. The general form of the contract required for a  
19 graduate student loan shall be prepared and approved by the  
20 attorney general and signed by the graduate student and the  
21 secretary of higher education or the designated representative  
22 of the department on behalf of the state before payment of the  
23 loan to the student. The contract shall provide for the  
24 payment of the principal and interest at three percent a year  
25 on a schedule adopted by rule of the department.

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1           B. When a person who has received a loan fails to  
2 make payments due in accordance with an executed contract, the  
3 department may declare the full amount of remaining principal  
4 and interest due and payable immediately. The department is  
5 vested with full authority and power to sue in its own name for  
6 any balance due the state from a person on a contract. No  
7 payment shall be made to a graduate student until the student  
8 has executed the contract. For the purpose of the Graduate  
9 Student Loan Act, a graduate student has the capacity to  
10 contract and is bound by any contract executed by the student;  
11 the defense that the student was a minor at the time the  
12 student executed a contract is not available to the student in  
13 any action arising on the student's contract. Loan payments  
14 shall be made to the participating institution each semester.

15           C. The department may cancel a contract made  
16 between it and a graduate student for reasonable cause deemed  
17 sufficient by the department.

18           Section 5. GRADUATE STUDENT LOAN FUND.--

19           A. The "graduate student loan fund" is created as a  
20 nonreverting fund in the state treasury. The fund consists of  
21 appropriations, loan repayments, gifts, grants, donations and  
22 income from investment of the fund. The department shall  
23 administer the fund, and money in the fund is appropriated to  
24 provide graduate student loans. Disbursements of the fund  
25 shall be made on warrants of the secretary of finance and

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1 administration pursuant to vouchers signed by the secretary of  
2 higher education or the secretary's authorized representative.

3 B. The department shall collect all interest and  
4 principal payments made by the student under the terms of the  
5 contract and shall deposit the payments in the graduate student  
6 loan fund.

7 Section 6. APPROPRIATION.--Two million dollars  
8 (\$2,000,000) is appropriated from the general fund to the  
9 graduate student loan fund for expenditure in fiscal year 2009  
10 and subsequent fiscal years to provide loans to eligible and  
11 qualified graduate students. Any unexpended or unencumbered  
12 balance remaining at the end of a fiscal year shall not revert  
13 to the general fund.